



ABANS GLOBAL LIMITED

ENTERPRISE RISK MANAGEMENT POLICY

Registered Office Address: 208 Uxbridge Road, Shepherds Bush, London W12 7JD

Corporate Communication Address: 60 Cannon Street, London EC4N 6JP

Contact: +44 (0) 203 868 5803 **Website:** www.abansglobal.co.uk

Abans Global Limited is Authorised and Regulated by the Financial Conduct Authority (FRN 580056)
Reg. in England and Wales under Company No. 7225900

Table of Contents

RISK MANAGEMENT POLICY	3
• Preamble.....	3
• Policy Statement.....	3
• Definition of Risk.....	4
• Scope.....	4
• Purpose.....	4
• Framework Objectives	5
• Risk Management Accountabilities.....	6-7
• Risk Management Procedures and Requirements.....	7
• Risk Management Planning / Timetable	7-8
 APPENDIX 1 – THE RISK MATRIK.....	 9
• GLOSSARY OF HEADINGS	9
• Overall.....	9

Registered Office Address: 208 Uxbridge Road, Shepherds Bush, London W12 7JD

Corporate Communication Address: 60 Cannon Street, London EC4N 6JP

Contact: +44 (0) 203 868 5803 **Website:** www.abansglobal.co.uk

Abans Global Limited is Authorised and Regulated by the Financial Conduct Authority (FRN 580056)
Reg. in England and Wales under Company No. 7225900

ENTERPRISE RISK MANAGEMENT POLICY

Preamble

Risk is inherent in all administrative and business activities. Risks are such events or the conditions that has a harmful or negative impact on the organizational goal or its business objectives. The exposure to the consequences of uncertainty constitutes a risk. Every member of the Organisation continuously manages risk. The systematic approaches to managing risk have evolved and are now regarded as good management practice.

ABans Global Limited (“AGL”) places the highest degree of emphasis and focus on managing the risks faced by its business (“business risks”). The Firm defines business risks as actions or inaction that could adversely affect the Company’s ability to achieve process objectives and thus hinder the implementation of business strategies. An effective system of controls and monitoring measures helps to manage business risks so that business objectives are achieved.

Therefore there is a need for the development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of Board may threaten the existence of the Company. Hence this formal policy document on Risk Management and the constitution of the Committee is therefore drafted and approved by the Board of Directors of AGL.

Policy Statement

AGL is committed to ensuring that its Enterprise risk management practices are ingrained into all business operations and processes to drive consistent, effective and accountable action, decision making and management practice.

The Enterprise Risk Management Policy will aim to;

- provide a framework for setting objectives and establishing principles for action for risk management
- take into account business and legal or regulatory requirements, and contractual obligations
- align risk management with the organisation’s strategic context in which the establishment and maintenance of the risk management framework will take place
- establish criteria against which risk will be evaluated
- specify how risk management performance will be measured and reported
- ensure resources are available to assist those accountable and responsible for managing risk
- ensure risk management activities are conducted and implemented in an agreed, controlled manner
- achieve a risk management capability that meets changing business needs and is appropriate to the scale, complexity and nature of the organisation

Registered Office Address: 208 Uxbridge Road, Shepherds Bush, London W12 7JD

Corporate Communication Address: 60 Cannon Street, London EC4N 6JP

Contact: +44 (0) 203 868 5803 **Website:** www.abansglobal.co.uk

Abans Global Limited is Authorised and Regulated by the Financial Conduct Authority (FRN 580056)
Reg. in England and Wales under Company No. 7225900

The Risk Matrix in this document is structured so as to identify the inherent business risks, the probability of their occurrence, the impact if they did occur and AGL's assessment of the degree of residual risk in the light of the Firm's risk management controls.

Definition of Risk

Oxford English Dictionary defines *risk* as:

(Exposure to) the possibility of loss, injury, or other adverse or unwelcome circumstance; a chance or situation involving such a possibility.

Risk: is the chance that an event, trend or course of action will have either a positive or negative effect on an institution's ability to meet its strategic or operational objectives.

Risk is measured in terms of consequences and likelihood

Scope

AGL regards the risk appetite as being at a low to medium level. A zero tolerance policy for unauthorised exposures of any kind is laid down by the Board and this approach is communicated across senior management levels.

This Enterprise risk management policy is applicable to all AGL businesses and to all its Directors, employees whether permanent / temporary / contractual. For the sake of brevity hereinafter, AGL's directors, all employees and contractors are referred to collectively as "employees".

The external and internal risk factors that could potentially affect performance of the company vis-à-vis stated objectives are identified and reported in the business review meetings periodically. These are subsequently reported to the Board.

Purpose

As per IFPRU 2.2.7 of the FCA Handbook, the risk matrix defines the following categories of business risks faced by AGL in the course of its business:

- **Organisational Risk.** Risks may arise from organisational issues preventing proper operation and development of the Firm.
- **Business Strategy Risk.** The risk that the business plan and business development strategy do not address all strategic risks, is not approved at the appropriate level and does not allow AGL plans to be carried out so that its objectives can be achieved.
- **Regulatory Risk.** The risk that AGL suffers financial, reputational or litigation damage through failure to monitor, control and eliminate or substantially reduce regulatory compliance risk.
- **Credit Risk.** The risk of a client or counterparty defaulting on their obligations.

Registered Office Address: 208 Uxbridge Road, Shepherds Bush, London W12 7JD

Corporate Communication Address: 60 Cannon Street, London EC4N 6JP

Contact: +44 (0) 203 868 5803 **Website:** www.abansglobal.co.uk

Abans Global Limited is Authorised and Regulated by the Financial Conduct Authority (FRN 580056)
Reg. in England and Wales under Company No. 7225900

- **Client Risk.** The risk that AGL fails to meet its client performance and client service expectations leading to client defection and loss of revenue.
- **Financial Crime Risk.** The risks that arise from a failure to prevent money laundering, insider dealing or market abuse.
- **Personnel Risk.** The risk that human resource policies fail to recruit and retain competent people to enable AGL's plans to be carried out and its objectives achieved.
- **Legal Risk.** The risk that agreements and contracts are not developed or maintained properly to protect AGL and its clients.
- **Infrastructure and Systems Risk.** The risk that IT systems fail to support the transactions AGL carries out on behalf of its client. This also encompasses IT systems failing to provide required management and accounting information.
- **Business Continuity Risk.** The risk that AGL will not be able to continue to meet its obligations to its client and counterparties due to a significant interruption in its ability to function caused by extraneous events.
- **Market Risk.** The risk that AGL revenue and/or operations might be damaged by adverse market conditions.
- **Operational Risk.** The risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.
- **Capital Adequacy and Financial Risk.** Risks arising from AGL's capital position, the adequacy of capital to support the level of current and anticipated business activities and the access to further capital. Risks arising from inadequate financial controls.
- **External Environment Risk.** The risk that AGL may be negatively impacted by extraneous events or factors that, are not under its control.

Framework Objectives

The Risk Matrix has three objectives. They are:

- To identify the business risks that may have a significant or minor impact on the prudential management of AGL to ensure that the Firm complies with FCA risk management rules and guidance.
- Promote an enterprise wide approach by integrating risk management processes with:
 - ✓ business strategy; project management; process and decision making;
 - ✓ audit, insurance and specialist risk functions; and
 - ✓ compliance and general governance functions.

Registered Office Address: 208 Uxbridge Road, Shepherds Bush, London W12 7JD

Corporate Communication Address: 60 Cannon Street, London EC4N 6JP

Contact: +44 (0) 203 868 5803 **Website:** www.abansglobal.co.uk

Abans Global Limited is Authorised and Regulated by the Financial Conduct Authority (FRN 580056)
Reg. in England and Wales under Company No. 7225900

- Promote consistency and transparency in methodology, assessment and management processes.
- Promote proactive recognition of external factors and anticipate uncertainties that may affect the achievement of strategy.
- Protect the interests of GPL shareholders.
- Provide assurance to counterparts, customers, employees and the community.
- Provide appropriate, consistent and transparent ownership and accountability around risk mitigation.
- Enable the design and implementation of controls that:
 - ✓ are structured to promote effective realisation of objectives;
 - ✓ provide appropriate assurance; and
 - ✓ are cost effective.
- Recognise that timely and accurate monitoring, review, communication and reporting of risk is critical to:
 - ✓ providing early warning mechanisms for the effective management of risk occurrences and consequences;
 - ✓ providing assurance to management, the Board and shareholders;
 - ✓ providing a solid platform for growth

These objectives obviously operate in the best interests of AGL in facilitating the provision of relevant management information to reduce, mitigate or eliminate its business risks.

Of equal importance is the need for AGL to meet the requirements of the FCA by enabling the Directors and Senior Management of the Firm to demonstrate to the Regulator that they have fully considered the risks and need for internal control systems in accordance with the FCA Handbook.

The focus of the Board of Directors and Senior Management on this area ensures that risk exposure is kept under review and that risk management controls are modified without delay if seen to be ineffective or incapable of audit.

Risk Management Accountabilities

The Risk Matrix provides a framework for senior management to recognise risks and their consequences as they apply to the various business processes. AGL's approach to risk management can be summarised as:

AGL's risk management policy identifies the probability of the risk occurring and the procedures put in place by the Firm to control, eliminate or mitigate the identified risks. Each control process is allocated to a member of senior management for individual responsibility.

Risk management (First Line)

This comprises:

- Identifying risks that could threaten the achievement of business objectives;

Registered Office Address: 208 Uxbridge Road, Shepherds Bush, London W12 7JD

Corporate Communication Address: 60 Cannon Street, London EC4N 6JP

Contact: +44 (0) 203 868 5803 **Website:** www.abansglobal.co.uk

Abans Global Limited is Authorised and Regulated by the Financial Conduct Authority (FRN 580056)
Reg. in England and Wales under Company No. 7225900

- Assessing and managing these risks in accordance with AGL's policies, standards and risk appetite;
- Ensuring the effective design and maintenance of processes together with the implementation of appropriate controls over these processes;
- Identifying and promptly escalating significant emerging risk issues; and
- Reporting operational incidents in line with the operational risk standards.

The Senior managers have primary accountability for business risk management activities, under the direction of the AGL and Business Unit Boards.

Oversight and challenge (Second Line)

This comprises:

- Assisting the Board with the formulation and subsequent communication of AGL's appetite for risk, risk management plans, risk policies and limits;
- Overseeing and objectively challenging the identification, measurement, management, monitoring and reporting of risks;
- Analysing risk information and producing risk reports for relevant risk committees; and
- Developing and supporting the implementation of AGL's risk policies, standards and risk appetite.

The AGL Chief Risk Officer has primary accountability for most risk oversight activities, with support from the relevant Risk committees and AGL Group Risk.

In addition, AGL has a Compliance function whose activities can be summarised as follows:

- Assisting AGL in complying with the relevant rules and regulations of the FCA, the Securities and Exchange Commission ("SEC") and other jurisdictions where AGL operates (e.g. France, Germany, Hong Kong, Singapore);
- Providing regulatory advice, guidance and training on new and current legislation, products and compliance monitoring reviews of outsourced providers;
- Management and oversight of financial crime controls;
- Conducting periodic monitoring and assurance of business processes;
- Overseeing Compliance policies and governance arrangements; and
- Reviewing and approving marketing literature and other client-facing documents.

Independent assurance (Third Line)

This comprises the provision of independent assurance on the design and effectiveness of the overall system of internal control, including risk oversight and compliance. Independent assurance is provided by Prudential Group-wide Internal Audit and via external audits, as required.

Registered Office Address: 208 Uxbridge Road, Shepherds Bush, London W12 7JD

Corporate Communication Address: 60 Cannon Street, London EC4N 6JP

Contact: +44 (0) 203 868 5803 **Website:** www.abansglobal.co.uk

Abans Global Limited is Authorised and Regulated by the Financial Conduct Authority (FRN 580056)
Reg. in England and Wales under Company No. 7225900

	Abans Global Limited (AGL)		
	Abans Global Limited Risk Management Structure		
	First Line	Second Line	Third Line
Activity	Risk management	Risk Oversight	Assurance
Responsible Committee	Risk Management Team	AGL Group Risk Committee	AGL Audit Committee
Responsible	Senior Management	AGL Chief Risk Officer	Group-wide Internal

Registered Office Address: 208 Uxbridge Road, Shepherds Bush, London W12 7JD

Corporate Communication Address: 60 Cannon Street, London EC4N 6JP

Contact: +44 (0) 203 868 5803 **Website:** www.abansglobal.co.uk

Abans Global Limited is Authorised and Regulated by the Financial Conduct Authority (FRN 580056)

Reg. in England and Wales under Company No. 7225900

e Personnel	Risk Personnel	AGL Compliance Director	Audit
-------------	----------------	-------------------------	-------

- Recognition of risk:** Major sources of risk, under the categories listed in IFPRU 2.2.7 of the FCA Handbook, are recognised by the Risk Officer & CEO of AGL in consultation with external professionals. Recognition process includes but is not limited to detailed discussions with staff members, guidance from various sources over the internet, analysing case-studies of reputable institutions in the UK financial industry and consultation with external advisors. The sources thus identified are defined in the “Detail (Risk Element)” column of the risk matrix against relevant categories. The Risk Officer & CEO review the sources in every six months and also on an ongoing basis for new products / strategies. Even after following such a rigorous process, new risks does arise in every few years which are identified by the members of the staff and are brought to the attention of the senior management through proper reporting channels.
- Application of controls:** Once sources of risk are identified, specific controls are determined to mitigate those risks. During this process, the Risk Officer & CEO applies the best practices that are followed in the industry for risk mitigation. Detailed discussions are held with members of staff, management and external advisors to modify the controls for meeting specific objectives of the company. These objectives are set by the board and mainly details about which risk to mitigate which to manage. After finalising the controls, various procedures and compliance manuals are updated to automatically implement them in the day- to-day working. Separate training is also given to members of the staff and management so that they can deal with these issues efficiently. Summary of these control measures is described under the “Mitigation” column of the risk matrix.
- Assessment of effectiveness of controls:** Each control is assessed subjectively on a case-by-case basis. Where it is possible to create simulation environments, assessment is done via simulations. When simulation is not possible assessment is done by discussions with members of staff, management and external advisors. Based on the assessment procedure each risk type is assigned specific ratings which help the firm to compare the different risk types and make provisions accordingly. These ratings are mentioned under “Probability”, “Impact”, “Net Risk” and “Cum. Risk” columns. These ratings are updated during the review process in accordance with sources & controls of risk.

The result of the application of risk management procedures by way of documented processes, regular meetings of the relevant senior management and regular oversight at Board level is to embed a risk management culture within the Firm, provide a robust

Registered Office Address: 208 Uxbridge Road, Shepherds Bush, London W12 7JD

Corporate Communication Address: 60 Cannon Street, London EC4N 6JP

Contact: +44 (0) 203 868 5803 **Website:** www.abansglobal.co.uk

Abans Global Limited is Authorised and Regulated by the Financial Conduct Authority (FRN 580056)
Reg. in England and Wales under Company No. 7225900

reporting process and ensure that management information is provided in an accurate and timely fashion to the relevant persons within the senior management of the Firm.

Risk Management Procedures and Requirements

Each area of the business is accountable for managing risks and must maintain a “Register of Risks” relating to material risk exposures to their functional area;

Each business head needs to carry out a thorough risk identification and assessment process of his functional area and enter the details of identified risks in the ‘Register of Risks’;

The risks so identified and registered shall be reported and escalated with the Risk Officer and CEO of AGL with the comments of the concerned business head for managing the reported risks;

Review of escalated risks shall be conducted regularly (dependent on business requirements) by Risk Officer and CEO and shall be reported to the Audit Committee with its comments thereto.

Risk Management Planning / Timetable

General The Board of Directors of the Company and the Risk Management Committee shall periodically review the risk management policy of the Company so that management controls the risk through properly defined network. Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and the Audit Committee. The decision of the Board of Directors of the Company with regard to any or all matters relating to this policy shall be final and binding on all concerned. The Board of Directors of the Company shall have the power to modify, amend or replace this policy in part or full as may be thought fit from time to time in their absolute discretion.

Annual

- (a) Annual ratification of the business plan and budgets
- (b) Annual ratification of risk management controls and procedures
- (c) Annual compliance reviews

Quarterly

- (a) Quarterly Board of Directors meetings

Monthly

Registered Office Address: 208 Uxbridge Road, Shepherds Bush, London W12 7JD

Corporate Communication Address: 60 Cannon Street, London EC4N 6JP

Contact: +44 (0) 203 868 5803 **Website:** www.abansglobal.co.uk

Abans Global Limited is Authorised and Regulated by the Financial Conduct Authority (FRN 580056)
Reg. in England and Wales under Company No. 7225900

(a) Monthly Management meetings

APPENDIX 1 – THE RISK MATRIK

GLOSSARY OF HEADINGS

- **Risk Group:** The key business risk groups as identified by AGL.
- **Nature of Risk:** Outlines the key business risks faced by the Firm and tailored to be relevant to the actual business of the authorised firm. These risks are reviewed on an ongoing basis through management discussions and review analysis of annual budget and planning documents. The frequency of the review process is detailed in the Risk Management Policy introduction. The Risk Matrix seeks to identify all the risks faced by AGL although by their nature unexpected control failures or events outside management capability will introduce new risk exposures from time to time.
- **Risk Elements / Detail:** Provides specific detail as to the identified risks faced by AGL within each risk group.
- **Probability:** Senior Management assessment depending on the unforeseen nature of the risk and the estimation of the control processes.
- **Impact:** The estimate of the effect of the risk event materialising.
- **Mitigation:** Procedures must be capable of independent audit, which should be carried out as part of the Compliance Monitoring Programme.

Overall:

- **Gross Risk – prior to mitigation**
- **Net Risk – post mitigation**

Probability and Impact are assessed on a scale of 1 to 5 therefore Probability of 5 multiplied by Impact of 5 would equal 25 or the highest risk exposure.

The Risk Matrix permits easy identification and therefore concentration on the highest risks by the Risk Management Committee.

A score of 18-25 equates to high risk. A score of 9 to 17 equates to medium risk. The remaining scores (or 1 to 8) equate to low risk.

Registered Office Address: 208 Uxbridge Road, Shepherds Bush, London W12 7JD

Corporate Communication Address: 60 Cannon Street, London EC4N 6JP

Contact: +44 (0) 203 868 5803 **Website:** www.abansglobal.co.uk

Abans Global Limited is Authorised and Regulated by the Financial Conduct Authority (FRN 580056)
Reg. in England and Wales under Company No. 7225900